

**Iowa Department of Natural Resources
Environmental Protection Commission**

ITEM

6

DECISION

**TOPIC Clean Water State Revolving Loan Fund – 2007 Intended Use Plan
Update to Allow Extended Term Financing**

Approval is sought from the Environmental Protection Commission of changes to the Clean Water State Revolving Fund (CWSRF) Intended Use Plan to allow implementation of extended term financing. The U.S. Environmental Protection Agency on January 8, 2007 approved the proposal developed by the Iowa Finance Authority (IFA). The State of Iowa will now be allowed to provide financing for up to 30 years, rather than the current 20-year term, for all CWSRF projects. The financing term will be limited by the determination of the average useful life of the project. IFA's financial capacity analysis showed that allowing loan terms to extend to up to 30 years will cause no significant financial strain on the CWSRF. Allowing the option of extended financing may make using the CWSRF more affordable for some communities, increasing the reach of the program and encouraging cities to complete needed water quality projects.

The proposed changes to the FY 2007 CWSRF Intended Use Plan are shown below.

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- Goal: Pursue approval and implementation of extended financing terms for CWSRF Section 212 projects. In September 2006 IFA developed and submitted a proposal to EPA Region 7 and Headquarters. Approval was received on January 8, 2007. Objective: DNR and IFA will offer the option to current and new projects on the project priority list.

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Financing Term. The financing term will be up to 30 years. Iowa applied for and received approval from EPA Region 7 and Headquarters for the opportunity to offer extended financing terms up to 30 years. DNR and IFA will allow current and new projects on the project priority list to request an extended term. The length of the term will be based on calculation of the average useful life of the entire project, to be determined by the applicant's consulting engineer and approved by DNR.

A public hearing was held on January 29, 2007. No oral or written comments were received.

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Water Quality Bureau